



## GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service  
United States Department of Agriculture



SEPTEMBER 11, 2001

**STB Approves CN/WC Merger.** In a decision issued September 7, the Surface Transportation Board (STB) approved, with conditions, the merger of the Canadian National Railroad (CN) and Wisconsin Central Transportation (WC). The STB imposed a condition holding the applicants to their representations that (1) the unified CN/WC will keep all existing active gateways affected by the transaction open on commercially reasonable terms and (2) applicants will waive defenses they might otherwise have under the STB's bottleneck rates policy (where, prior to the transaction, a shipper would have been entitled to regulation of a bottleneck rate). The STB also imposed the New York Dock labor protective conditions on the transaction, as well as a condition that applicants report for 1 year on the progress of the integration of their operations.

The STB denied all other conditions sought by the various parties to this proceeding, including that of conditioning the merger with the CN agreement with the National Industrial Transportation League (NITL). In addition to the provision to keep gateways open through establishing reasonable contract and common carrier rates (which the STB included as a condition of the merger), the NITL/CN agreement contains provisions to (1) protect the level of service as measured in transit times and (2) resolve, through arbitration, disputes between shippers and CN/WC arising under the agreement.

USDA neither opposed nor supported the CN/WC merger but did express concerns regarding the continuing concentration of the rail industry. USDA had requested that STB, should it approve the merger, condition it with the NITL/CN agreement. (*USDA-Marketing and Transportation Analysis, Marvin Prater, [Marvin.Prater@usda.gov](mailto:Marvin.Prater@usda.gov), 9/14/01*)

**U.S. Grain Exports to Japan Unaffected by Terrorist Attacks.** Following the recent terrorist attack against targets in the United States, a top Japanese trade official stated that grain imports, including corn and wheat, would not be seriously affected. Vice Minister of Agriculture, Forestry, and Fisheries, Hideaki Kumazawa, told a press conference that he expects transportation of agricultural products to Japan to remain smooth with U.S. ports and harbors functional. The comments were based on information gathered from a task force, which he organized in an effort to monitor imports from the United States and price movements. The ministry aims to secure stable food supplies and determine how the turmoil in the United States will affect Japan's agriculture, forestry, and fisheries industries. Approximately 70 percent of the value of Japan's corn and soybean imports is associated with products from the United States.

A European Union (EU) official also stated the belief that the terrorist attacks would not significantly affect the prices of agricultural products and agricultural trade. On condition of anonymity, the official stated that "no immediate effects on the prices of (agricultural) products had been witnessed" and that "no major effects are expected." He added that the EU is not preparing any kind of market support for agricultural products should prices fall as a result of the attacks. The international markets, he continued, should determine the "correct value" of agricultural commodities. (*News Edge 9/11, AP 9/13, Dow Jones Newswires 9/12/01*)

**Affect of Turmoil on Ocean/Barge Movements.** USDA has learned, through industry reports, that ocean and inland waterway movements have not been drastically curtailed by the recent terrorist attacks. Ports in the coastal areas of the United States resumed full operations on September 13, although under heightened security procedures, including checks and escorts by the U.S. Coast Guard. The Port of Los Angeles/Long Beach reported an 8-hour delay, equivalent to one shift of work. Meanwhile, a major tenant at Port Elizabeth, NJ, just south of New York City, reported normal operations with an effort to reduce its backlog during the lunch hour. Reports also indicate that the Coast Guard reopened the Port of New York on a limited basis to commercial traffic, allowing vessels to pass through a designated "safety zone" on a selective basis. Also during that time, the Maher Terminal was operating gates, rails, and vessels; and all rail facilities in the New York/New Jersey were fully operational. The Port of Baltimore, meanwhile, has confirmed that it has granted requests by four carriers to divert their vessels, discharging in Baltimore, instead of New York.

Meanwhile, the Coast Guard established a safety zone for barge movements on the lower Mississippi River. The U.S. Army Corps of Engineers closed its lock and dam facilities to all nonessential vehicular (road) traffic. Industry and Corps representatives were, however, not aware of any decrease in the flow of barge traffic, including grain movements. (*USDA, 9/14*)

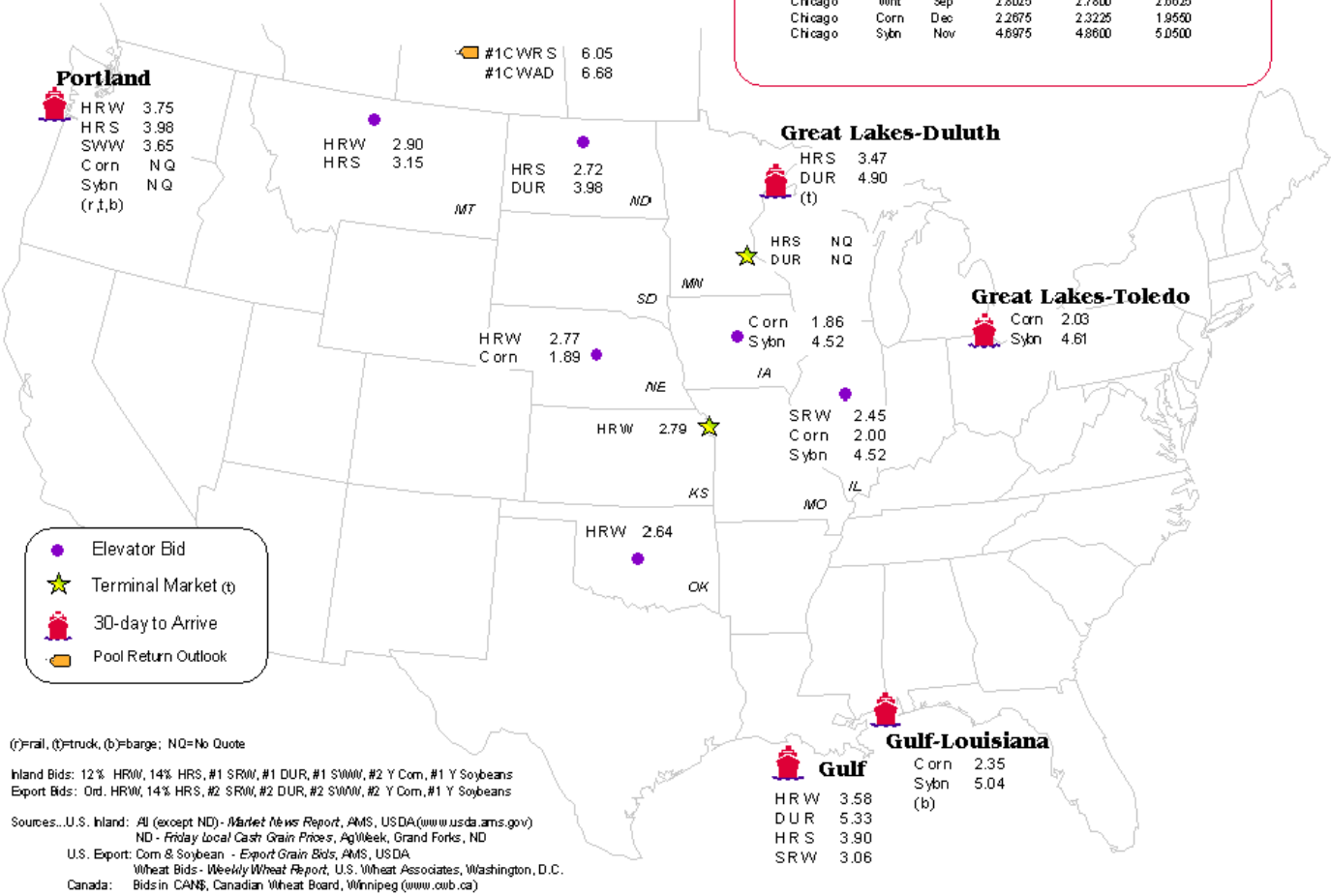
**Infrastructure Bill to be Introduced.** Representative Don Young (R-Alaska) is expected to introduce legislation that would create a \$71 billion program over 10 years to allow states to improve freight and light-rail lines throughout the nation and to construct high-speed passenger rail lines. The plan would provide \$35 billion in direct loans or loan guarantees to freight and light rail lines and \$36 billion in tax-exempt bonds for high speed rail. (*USDA-Marketing and Transportation Analysis, Marvin Prater, [Marvin.Prater@usda.gov](mailto:Marvin.Prater@usda.gov)*)

**Note:** Members of USDA's Transportation and Marketing Programs staff offer our thoughts and prayers to all those directly affected by the recent tragic events, as well as all U.S. citizens here and abroad who suffered through this attack on America.

Report is prepared by Karl Hacker and Sigal Nissan, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at [www.ams.usda.gov/tmd/grain.htm](http://www.ams.usda.gov/tmd/grain.htm). E-mail comments to [Karl.Hacker@usda.gov](mailto:Karl.Hacker@usda.gov).

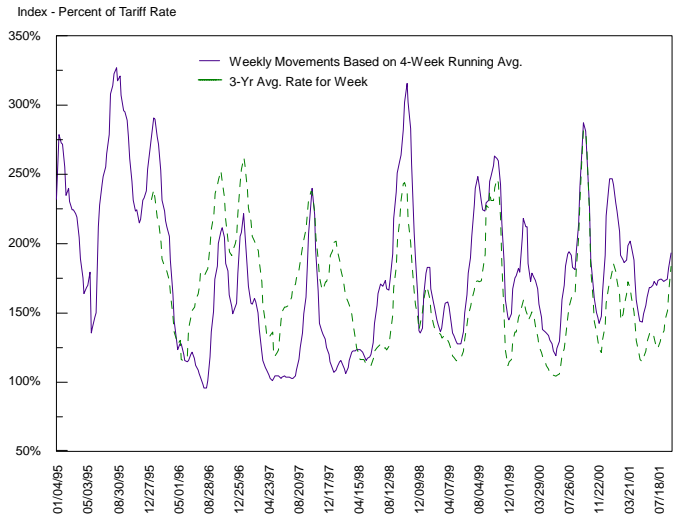
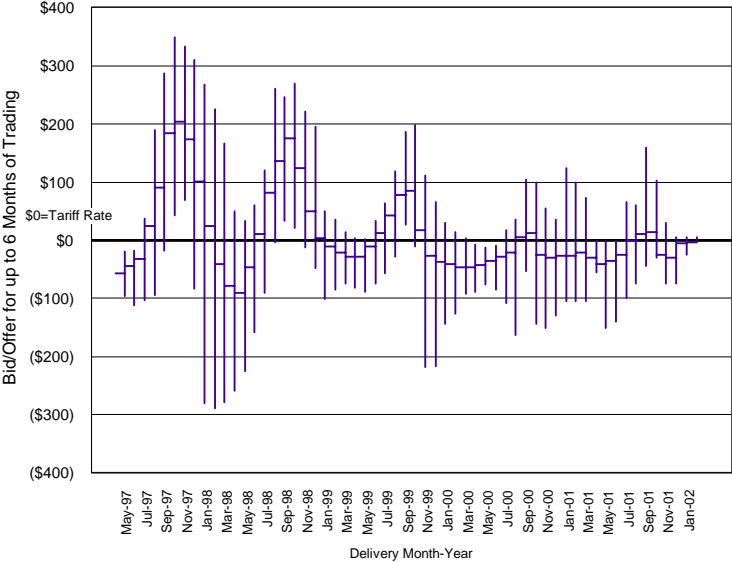
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Grain Bid Summary



Spot Barge Rate - Illinois River

Secondary Rail Market Bids



**Rail Car 'Auction' Offerings**

Delivery for:	Oct-01		Nov-01	
	<u>Offered</u>	<u>% Sold</u>	<u>Offered</u>	<u>% Sold</u>
<b>BNSF-COT</b>	14,109	75%	12,242	31%
<b>UP-GCAS</b>	5,400	18%	5,400	2%

Source: Transportation &amp; Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

**Secondary Rail Car Market**

Average Premium/Discount to Tariff, \$/Car - Last Week

	<b>Delivery Period</b>			
	Sep-01	Oct-01	Nov-01	Dec-01
BNSF-GF	\$165	\$120	\$21	\$12
UP-Pool	\$42	\$29	\$(35)	\$(40)

Source: T&amp;M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.; GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only &amp; are NOT guaranteed prices, missing value=No Bid Quoted

**Railroad Car 'Auction' Results**

Average Premium/Discount to Tariff, \$/Car - Last Auction

Delivery for:	Oct-01	Nov-01	Dec-01
COT/N. Grain	sold out	\$0	no bid
COT/S. Grain	\$0	\$1	\$0
GCAS/Region 2	no bid	no bid	no bid
GCAS/Region 4	no bid	no bid	no bid

Source: T&amp;M/AMS/USDA. Data from www.bnsf.com, www.uprr.com, (COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

**Southbound Barge Freight Nominal/Cash Basis Values**

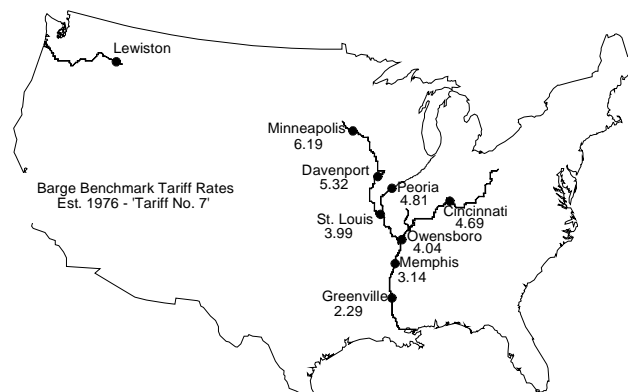
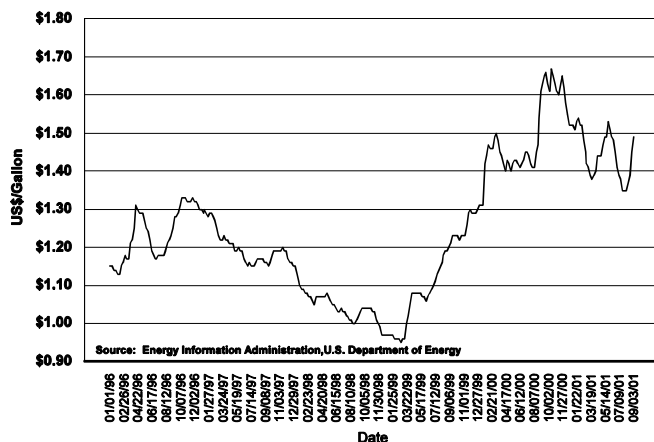
Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

Week ended	River/Region	Contract Period	<b>Rate</b>	
			Futures	Cash
09/10/01	St. Louis	Oct	200	203
		Dec	135	140
		Feb	135	140
		Apr	139	135
		Jun	0	0
	Illinois River	Oct	250	225
		Dec	163	173
		Feb	0	185
		Apr	0	170
		Jun	0	0

Source: St. Louis Merchants Exchange

**Southbound Barge Freight Spot Rates**

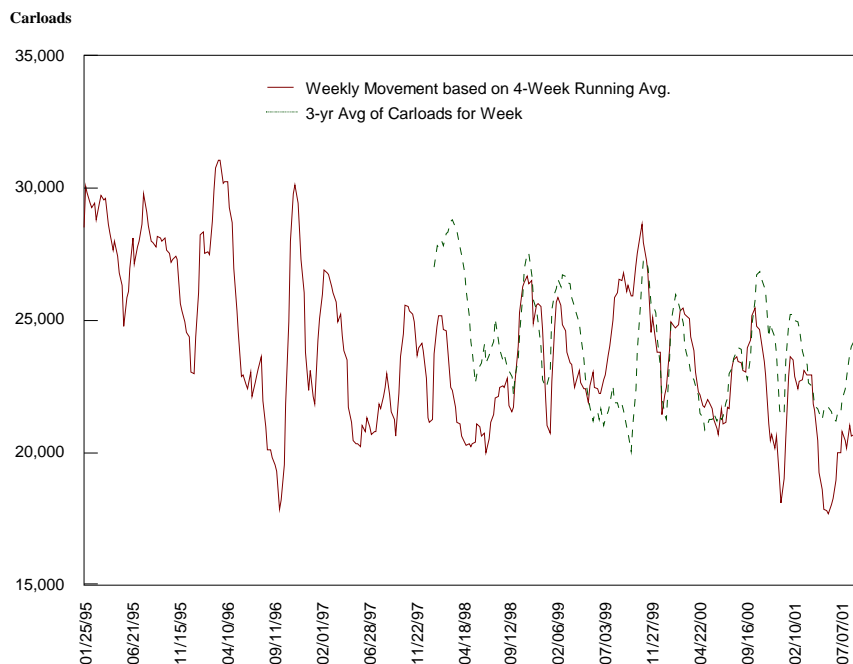
	9/5/01	8/29/01	Oct '01	Dec '01
Twin Cities	235	228	264	0
Mid-Mississippi	213	201	242	0
Illinois River	209	198	232	176
St. Louis	208	191	205	148
Lower Ohio	219	198	238	151
Cairo-Memphis	204	185	199	141

Source: Transportation & Marketing /AMS/USDA  
nq=no quote;**Weekly Retail Diesel (Road) Prices (Including Taxes)**

## Grain Car Loadings for Class I Railroads

Class I Railroad Grain Car Loadings	
Week Ending:	Carloads
08/18/01	19,745
08/25/01	20,889
09/01/01	22,764
Year to Date - 2001	732,699
Year to Date - 2000	811,520
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads



## Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	Conrail		East		West		Canada	
	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
09/01/01	0	2,396	0	2,764	9,765	580	7,259	4,599
This Week Last Year	0	1,920	1,651	2,757	9,154	551	7,831	2,696
2001 YTD	0	102,675	0	106,649	275,735	16,471	231,169	170,379
2000 YTD	0	94,820	62,894	101,779	276,832	19,137	256,058	93,765
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381

Source: Association of American Railroads

## Tariff Rail Rates for Unit Train Shipments

September 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
09/10/01	45560	Wheat	Minneapolis, MN	Houston, TX	\$2,050	\$22.60	\$0.62
09/10/01	43521	Wheat	Minneapolis, MN	Portland, OR	\$3,877	\$42.74	\$1.16
09/10/01	46540	Wheat	Kansas City, MO	Houston, TX	\$1,650	\$18.19	\$0.50
09/10/01	43586	Wheat	Kansas City, MO	Portland, OR	\$4,240	\$46.74	\$1.27
09/10/01	43581	Wheat	Omaha, NE	Portland, OR	\$3,905	\$43.04	\$1.17
09/10/01	31040	Corn	Minneapolis, MN	Portland, OR	\$2,900	\$31.97	\$0.81
09/10/01	31035	Corn	Kansas City, MO	Portland, OR	\$2,700	\$29.76	\$0.76
09/10/01	31040	Corn	Omaha, NE	Portland, OR	\$2,700	\$29.76	\$0.76
09/10/01	61180	Soybean	Minneapolis, MN	Portland, OR	\$2,730	\$30.09	\$0.82
09/10/01	61180	Soybean	Omaha, NE	Portland, OR	\$2,480	\$27.34	\$0.74
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	\$2,780	\$25.23	\$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat &amp; Soybeans 60 lbs/bu

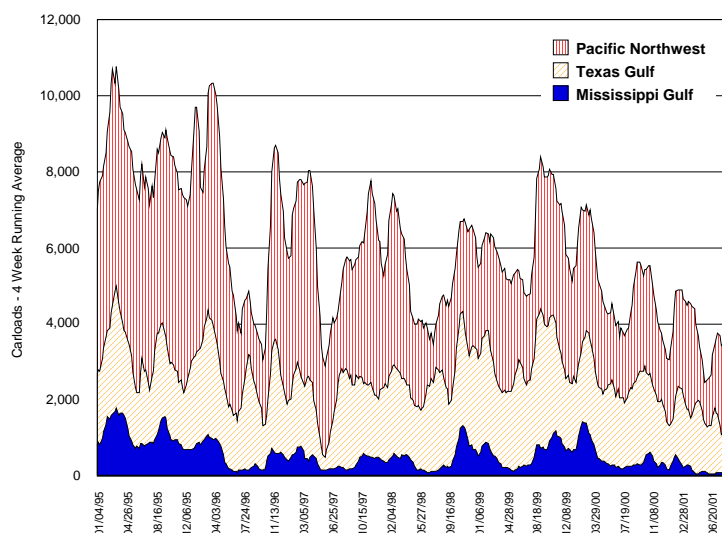
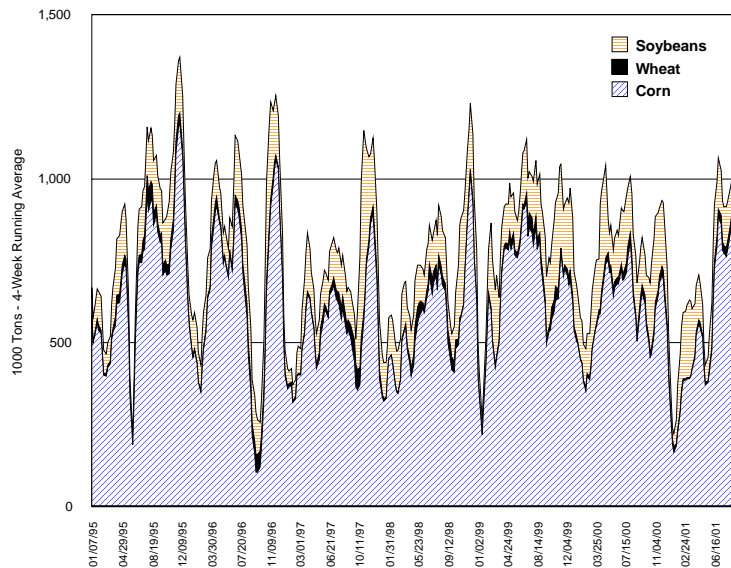
**Rail Deliveries to Port****Carloads**

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
08/01/01	104*	1,144	1,882	463
08/08/01	98*	1,195	2,362	459
08/15/01	102*	771	1,712	438
08/22/01	0*	1,595	1,808	310
08/29/01	3*	1,851	2,239	125
09/05/01	0*	1,487	1,789	110
YTD 2001	5,820*	53,097	75,568	17,314
YTD 2000	19,894	73,920	92,097	8,748
Total 2000	25,675	105,308	129,464	14,816
Total 1999	30,038	132,069	161,492	14,446

Source: Transportation &amp; Marketing/AMS/USDA

(\*) Incomplete Data

(\*\*) Revised Data

**Rail Deliveries to Port****Barge Movements - Locks 27****Barge Grain Movements**

for week ending 9/1/01

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	367	9	21	397
Winfield, MO (L25)	616	17	53	689
Alton, IL (L26)	749	21	66	839
Granite City, IL (L27)	734	31	75	846
Illinois River (L8)	99	0	6	106
Ohio (L52)	31	15	12	99
Arkansas (L1)	0	43	0	43
2001 YTD	21,694	1,752	5,887	30,618
2000 YTD	22,387	1,703	6,361	31,650
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.

Source: U.S. Army Corp of Engineers

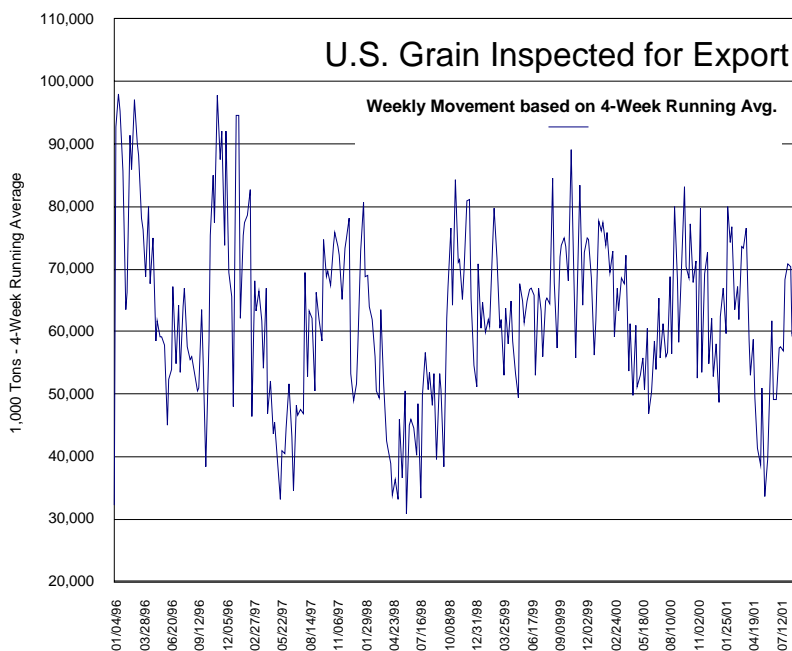
**U.S. Export Balances** (1,000 Metric Tons)

	<i>HRW</i>	<i>SRW</i>	<i>HRS</i>	Wheat <i>SWW</i>	<i>DUR</i>	<i>All</i>	Corn	Soybean	Total
<u>Unshipped Exports-Crop Year</u>									
08/30/01	1,287	919	1,039	374	325	3,943	7,776	5,227	16,946
This Week Year Ago	1,346	599	927	905	283	4,059	10,155	5,376	19,590
<u>Cumulative Exports-Crop Year</u>									
00/01 YTD	1,956	1,309	1,221	824	325	5,636	47,219	27,454	80,309
99/00 YTD	2,640	1,356	1,427	1,071	315	6,809	48,760	17,713	73,282
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date ([www.fas.usda.gov](http://www.fas.usda.gov)) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31**Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons**

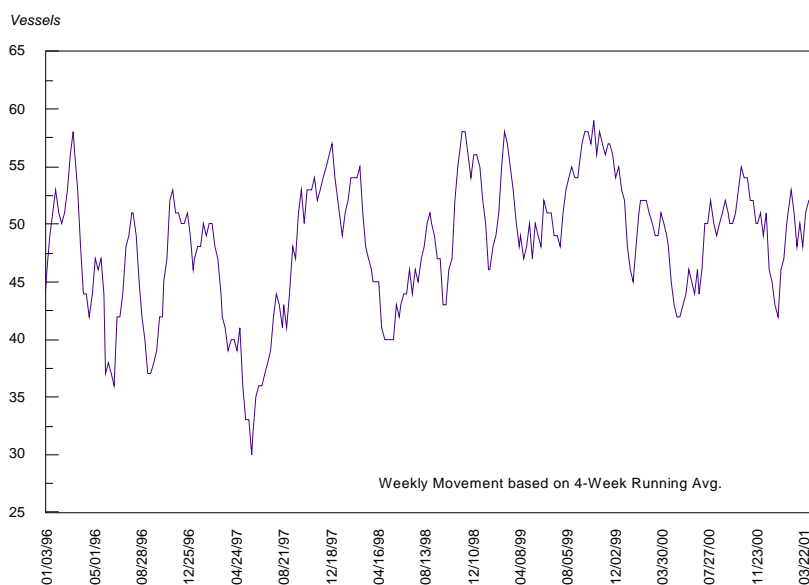
	<u>Pacific Region</u>			<u>Mississippi Gulf</u>			<u>Texas Gulf</u>		
	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>	<i>Wheat</i>	<i>Corn</i>	<i>Soybean</i>
09/06/01	186	122	6	142	543	85	162	0	0
2001 YTD	6,526	3,844	1,355	4,093	23,745	9,685	3,800	212	951
2000 YTD	6,518	4,365	801	4,617	24,254	11,271	4,757	257	875
% of Last Year	66%	64%	79%	60%	67%	54%	55%	45%	94%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

Source: Federal Grain Inspection Service YTD-Year-to-Date

**Select Canadian Ports - Export Inspections**  
1,000 Metric Tons, Crop Year

	<u>Wheat</u>	<u>Durum</u>	<u>Barley</u>
Week Ended: 8/20/01			
Vancouver	195	0	23
Prince Rupert	0	0	0
Prairie Direct	18	9	5
Thunder Bay	21	0	0
St. Lawrence	161	16	1
2001 YTD Exports	395	25	29
2000 YTD Exports	508	149	37
% of Last Year	78%	17%	78%

Source: Canadian Grains Commission, Crop year 8/1-7/31



**Gulf Region  
Vessels Loaded  
- Past 7 Days-**

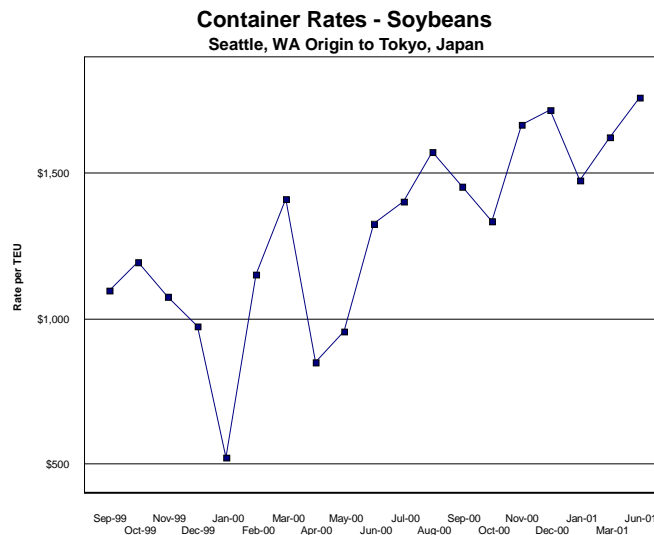
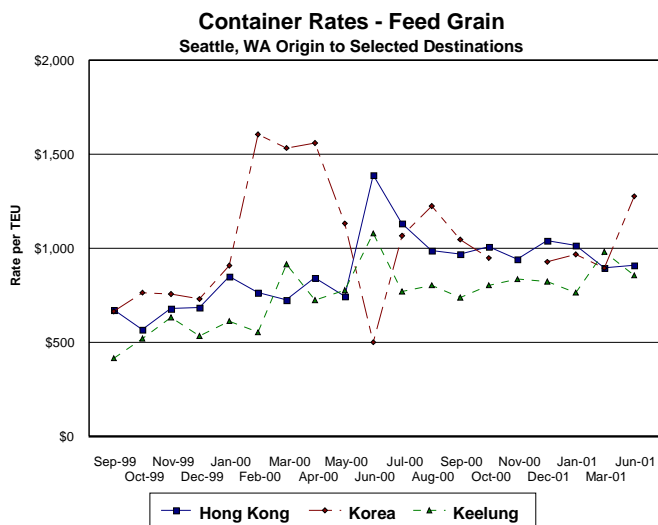
### Port Region Ocean Grain Vessels

	Gulf			Pacific Northwest			Vancouver, B.C.		
	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>	<u>In Port</u>	<u>Loaded 7-Days</u>	<u>Due Next 10-Days</u>
08/30/01	34	45	55	7			7	8	8
09/06/01	30	46	58	6			8	5	3
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

Source: Transportation & Marketing /AMS/ USDA

### Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share

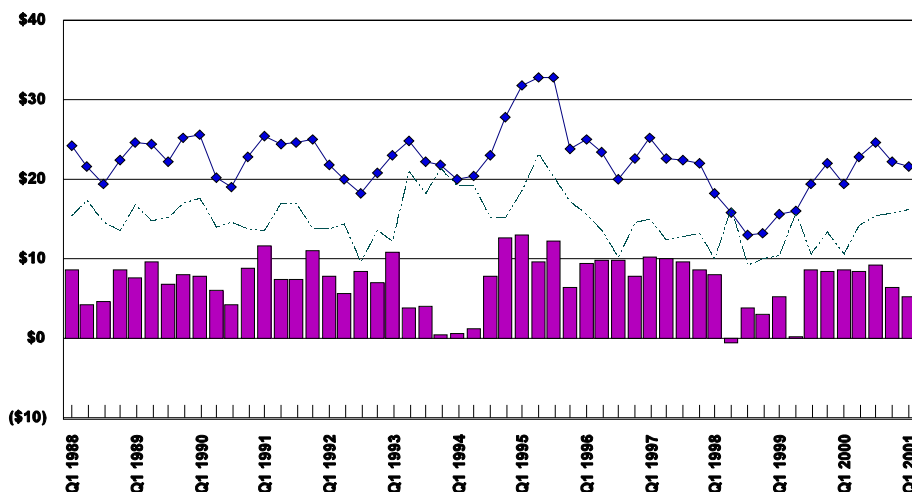


Source: Transportation & Marketing/AMS/USDA



◆ Rate - Gulf to Japan  
 --- Rate - PNW to Japan  
 ■ Spread - Gulf vs. PNW to Japan

US\$/Metric Ton



Quarterly Ocean  
 Freight Rates

### Quarterly Ocean Freight Rates

Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2001 2 <sup>nd</sup> Qtr	2000 2 <sup>nd</sup> Qtr	% Change		2001 2 <sup>nd</sup> Qtr	2000 2 <sup>nd</sup> Qtr	% Change
<b>Gulf to</b>				<b>Pacific NW to</b>			
Japan	\$22.31	\$22.84	-2%	Japan	\$13.50	\$14.37	-6%
Mexico	\$17.84	\$16.58	8%	Red Sea/ Arabian Sea		\$33.46	
Venezuela	\$14.76	\$11.34	30%				
N. Europe	\$16.93	\$15.50	9%	<b>Argentina to</b>			
N. Africa	\$19.52	\$20.91	-6%	N. Europe	\$19.68	\$18.96	4%
				Japan	\$26.62	\$26.57	-

Source: Transportation & Marketing/AMS/USDA; (\*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

### Ocean Freight Rates (Select Locations) - week ending 9/8/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate (\$/Ton)
Norfolk	Egypt	Wheat	Sep 7/17	30,000	\$13.00
Gulf	Columbia	Corn/Soybeans	Spot	19,000	\$12.00
Gulf	Egypt	Wheat	Sep 8/12	55,000	\$12.00
Gulf	Tunisia	Wheat	Sep 15/25	25,000	\$18.50op18.00*
Gulf	Casablanca	Corn	Sep 9/15	25,000	\$17.50
Gulf	Japan	Heavy Grain	Sep 16/22	54,000	\$17.50
Gulf	Japan	Heavy Grain	Sep 28/Oct 10	54,000	\$18.00
Gulf	Japan	Heavy Grain	Oct 15/25	54,000	\$18.25
Ukraine	Iran	Barley	Sep 6/15	55,000	\$13.50

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option;

\* option offered is in regard to shipping terms, not destination points.